

## **FACT SHEET**

### **The Truth About Minority and Low-Income Enrollment in Medicare Advantage**

On Thursday, February 22, 2007 America's Health Insurance Plans (AHIP)--the trade group representing health insurance companies--released a report touting the benefits of Medicare Advantage (MA) plans for low-income and minority beneficiaries. Regardless of the message AHIP is trying to send, the numbers in their own report prove that low-income and minority enrollment in MA differs little from traditional Medicare.

#### **HERE ARE THE FACTS:**

##### **Minorities are NOT overrepresented in MA Plans -**

- African-Americans are 11% of the entire Medicare population, but account for only 10% of "Medicare Advantage" enrollees.
- Asian-Americans make up 1% of "Medicare Advantage" enrollment but are 2% of the overall Medicare population.
- Hispanics make up 4% of private plan enrollment but only 3% of the overall Medicare population. This is likely due to high enrollment in the abundance of MA plans in Southern California and Florida, where MA payment rates are high.

##### **Lowest Income Beneficiaries Are Not Disproportionately Enrolled in MA -**

- Beneficiaries with annual incomes of less than \$10,000 make up 16% of private plan enrollment but are 20% of the overall Medicare population. Nearly 50% of this group receives supplemental benefits from Medicaid, not MA.

##### **AHIP More Worried About Profits Than Patients -**

- Independent analysts and organizations agree that MA plans are overpaid in relation to fee-for-service (FFS) Medicare. According to the Medicare Payment Advisory Commission (MedPAC), MA plans are paid on average 112 percent of what it would cost to care for the same patients in

traditional Medicare. In some areas, payments exceed 150 percent of Medicare.

- According to CBO, equalizing payments between traditional Medicare and MA would save \$65 billion over 5 years, and \$160 billion over ten years.
- MA overpayments increase Part B premiums for all beneficiaries and deplete the Part A trust fund faster than if all beneficiaries were in traditional Medicare.

## AHIP's Own Charts Tell the Tale

### Enrollment by Type of Coverage and Race/Ethnicity

| Coverage Type              | Race / Ethnicity |       |          |       |       |       |
|----------------------------|------------------|-------|----------|-------|-------|-------|
|                            | African-American | Asian | Hispanic | White | Other | Total |
| All Medicare Beneficiaries | 11%              | 2%    | 3%       | 82%   | 2%    | 100%  |
| MEDICARE ADVANTAGE         | 10%              | 1%    | 4%       | 82%   | 2%    | 100%  |
| MEDICAID                   | 22%              | 9%    | 9%       | 56%   | 3%    | 100%  |
| EMPLOYER-BASED             | 8%               | 1%    | 1%       | 89%   | 1%    | 100%  |
| MEDIGAP                    | 5%               | **    | 1%       | 93%   | 1%    | 100%  |
| OTHER PUBLIC               | 18%              | 1%    | 7%       | 69%   | 6%    | 100%  |
| MEDICARE ONLY              | 15%              | 1%    | 5%       | 77%   | 2%    | 100%  |

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Minority enrollment in Medicare Advantage plans is consistent with the overall percentage of minority beneficiaries in the entire program.

## Enrollment by Type of Coverage and Income

| Coverage Type                     | Income Range       |                      |                      |                      |                      |                    | Total       |
|-----------------------------------|--------------------|----------------------|----------------------|----------------------|----------------------|--------------------|-------------|
|                                   | Less than \$10,000 | \$10,000 to \$20,000 | \$20,000 to \$30,000 | \$30,000 to \$40,000 | \$40,000 to \$50,000 | More than \$50,000 |             |
| <b>All Medicare Beneficiaries</b> | <b>20%</b>         | <b>27%</b>           | <b>20%</b>           | <b>13%</b>           | <b>8%</b>            | <b>12%</b>         | <b>100%</b> |
| <b>MEDICARE ADVANTAGE</b>         | 16%                | 33%                  | 22%                  | 14%                  | 7%                   | 8%                 | 100%        |
| <b>MEDICAID</b>                   | 69%                | 28%                  | 2%                   | 1%                   | **                   | **                 | 100%        |
| <b>EMPLOYER-BASED</b>             | 5%                 | 18%                  | 25%                  | 19%                  | 13%                  | 21%                | 100%        |
| <b>MEDIGAP</b>                    | 10%                | 29%                  | 21%                  | 15%                  | 8%                   | 16%                | 100%        |
| <b>OTHER PUBLIC</b>               | 27%                | 56%                  | 12%                  | 4%                   | 0%                   | 1%                 | 100%        |
| <b>MEDICARE ONLY</b>              | 25%                | 33%                  | 19%                  | 9%                   | 6%                   | 8%                 | 100%        |

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Low-Income enrollment in Medicare Advantage tracks fairly consistently with the overall percentage of low-income beneficiaries in the entire Medicare population.